

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 00645 190843Z

15

ACTION NEA-06

INFO OCT-01 ISO-00 EB-05 RSC-01 DRC-01 /014 W

----- 085554

R 190548Z FEB 74

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO SECSTATE WASHDC 8802

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 0645

BEIRUT FOR LEFEAVER

E.O. 11652: N/A

TAGS: BMEP, EIND, ETRD, BEXP: KU

SUBJ: KUWAIT STEEL MILL -- ROLLING ALOFG

REF: A) JUWAIT 4473 B) KUWAIT 0270 C) STATE 09706

SUMMARY: KUWAIT IRON AND STEEL CO (KISC) WILL TENDER PROJECT IN SEPARATE STAGES RATHER THAN ON TURN-KEY BASIS, WITH INITIAL TENDER STILL EXPECTED IN MAY-JUNE PERIOD. ONLY ONE US COMPANY PRESENTLY KNOWN PLANNING VISIT TO AREA, BUT WE HOPEFUL OTHERS WILL COME BEFORE MID-APRIL. SWINDELL-DRESSLER AND KORFF ENGINEERS REMAIN CHIEF RIVALS FOR SALE DIRECT REDUCTION PROCESYT BUT BOTH ALREADY SUFFER FROM IMAGE PROBLEMS. INTERESTED COMPANIES SHOULD NOTIFY KISC ASAP OF INTENT. THORNIEST PROBLEM FOR US COMPANIES ET AL WILL LIKELY BE HOW TO DEAL WITH DIFFERING INTERESTS REPRESENTED ON KISC BOARD OF DIRECTORS. END SUMMARY.

1. EMBOFF WAS TOLD OF ADDITIONAL CHANGES IN PROPOSED TENDER-ING PROCEDURES OF SUBJECT PROJECT BY HUSSAIN AL-JASSEM, GM, KUWAIT IRON AND STEEL CO. PROJECT WILL NOW BE TENDERED IN STAGES RATHER THAN ON TURN-KEY BASIS AS RECENTLY PLANNED,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 00645 190843Z

ALTHOUGH ANY COMPANY CAN BID ALL STAGES IF QUALIFIED.

STEEL MILL WILL PRODUCE 300-400,000 TONS BARS, RODS, WIRES,
AND LIGHT ANGLES.

2. FIVE SEPARATE TENDERS WILL BE ISSUED INCLUDING DIRECT
REDUCTION PLANT, ROLLING MILLS, STEEL MAKING PLANT, MATERIALS
HANDLING EQUIPMENT, AND WORKSHOPS AND LABORATORY EQUIPMENT.
EACH TENDER WILL CONTAIN PROVISIONS FOR TRAINING PERSONNEL
AND OPERATION OF PLANTS UNTIL LOCAL MANAGERS CAN ASSUME CONTROL.
INITIAL TENDER FOR EITHER DIRECT REDUCTION PLANT OR ROLLING
MILLS WILL BE ISSUED IN MAY OR JUNE IF THINGS GO ACCORDING
SCHEDULE.

3. SINCE KISC DECIDED TO DISPENSE WITH FOREIGN PARTNER,
AL-JASSEM HAS ONLY HEARD FROM ONE US COMPANY -- US STEEL.
USS REP SABA NOTIFIED AL-JASSEM OF HIS VISIT MARCH 10,
BUT AL-JASSEM SAID BEST TIME FOR COMPANY REPS TO SEE HIM
WOULD BE EARLY APRIL BY WHICH TIME HE EXPECTS UK CONSULTANT,
JOHN MILES AND PARTNERS, TO HAVE FINALIZED TENDERING PRO-
CEDURES AND DOCUMENTS. COMMENT: WHILE THIS AL-JASSEM'S VIEW
WE BELIEVE VISITS SHOULD PROBABLY BE MADE NLT MID APRIL IN
ORDER ALLOW COMPANIES TIME FULLY EXPLORE ENTIRE SITUATION.
END COMMENT.

4. AL-JASSEM ALSO INQUIRED ABOUT RECENT TAKEOVER MIDLAND-
ROSS BY KORFF ENGINEERS AND STATED DAMASCUS BOYCOTT OFFICE
INFORMED THEM KORFF NOT RPT NOT BLACKLISTED ALTHOUGH HE
HINTED SOME DOUBTS ABOUT THEM STILL REMAIN. HE HAD SOME
CRITICAL REMARKS FOR SWINDELL-DRESSLER WHO HE FELT WAS
UNDULY TRYING TO INFLUENCE SELECTION PROCESS BY "FLIRTING"
WITH TOO MANY INVESTORS AND GOK OFFICIALS CONNECTED WITH PROJECT,
BUT ALSO HAD SIMILAR COMMENTS ABOUT SOME KORFF'S
PEOPLE. HE EVEN CLAIMED COMPANIES MIGHT BE BETTER OFF WITHOUT
AGENTS (A HERESY IN KUWAIT).

5. REQUEST COMMERCE SELECTIVELY APPRISE APPROPRIATE
COMPANIES OF PROJECT'S STATUS AND URGE THOSE INTERESTED
TO CONTACT AL-JASSEM OR COMPANY PRESIDENT YACIOUB Y TAMI,
P.O.BOX 4586; TELEX: 2307; CABLE: SULB; TEL. 605878;
KUWAIT; AS WELL AS JOHN MILES AND PARTNERS, WETTERN HOUSE,
CROYDON, LONDON. PLEASE INFORM EMBASSY OF REACTIONS,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KUWAIT 00645 190843Z

TRIPS PLANNED, ETC.

6. COMMENT: THUS FAR, KISC SHIFTS IN OUTLOOK AND PROCEDURES
HAVE BEEN DIZZYING BUT SINGLE CONSTANT SEEMS BE DETERMINATION
TO TENDER STEEL MILL BEFORE MID-YEAR WEU SWINDELL-DRESSLER IS
OBVIOUSLY STRONG CONTENDER TO SELL LICENSING FOR ITS HYL PROCESS
AND US KNOW-HOW IN ENTIRE STEEL INDUSTRY IS HIGHLY RESPECTED.
MAIN DIFFICULTY IS DETERMINING WHO CORRECT RE TENDERING

STRATEGY -- SOME KISC INVESTORS REMAIN INTERESTED IN DEVELOPING BUSINESS RELATIONSHIPS WITH ONE OR MORE STEEL COMPANIES WHEN THEY INTEND PUSH FOR CONTRACT AWARDS WHILE A TECHNICIANS LIKE AL-JASSEM AND SEVERAL OTHER KISC FOUNDERS CLAIM ANY SUCH DEALINGS COUNTER-PRODUCTIVE TO A COMPANY'S OVERALL CHANCESBX. SINCE AL-JASSEM OFFERED NO REAL SATISFACTORY EXPLANATION OF WHY PROJECT WILL BE TENDERED SEPARATE STAGES

RATHER THAN TURN-KEY BASIS, IT POSSIBLE THIS MOVE WAS DESIGNED HELP SPREAD WEALTH AROUND AND AVOID BITTER CONFRONTATIONS WHICH SAID HAVE CHARACTERIZED DISCUSSIONS PROCEED WITHOUT FOREIGN EQUITY PARTNER.
STOLTZFUS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, TRADE PROMOTION, STEEL PLANTS, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT00645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740225/aaaaaxal.tel
Line Count: 128
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) JUWAIT 4473 B) KUWAIT 0270 C) STA, TE 09706
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUN 2002 by boyleja>; APPROVED <27 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT STEEL MILL -- ROLLING ALOFG
TAGS: EIND, ETRD, BEXP, KU
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005